

## Message Text

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15

ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 COME-00 TRSE-00 OMB-01 AID-20

INT-08 SCEM-02 AGR-20 L-03 IGA-02 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 RSR-01

/108 W

----- 012851

R 090915 Z MAY 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 9146

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 3781

E. O. 11652: N/ A

TAGS: EIND, PK

SUBJECT: ESSO, HERCULES AND ALICO

SUMMARY: CHARGE DISCUSSED NEED FOR IMPROVING DECISION-  
MAKING ENVIRONMENT IN CONNECTION WITH FERTILIZER PRODUCTION  
FACILITIES WITH MINISTER OF COMMERCE, AND IN COURSE OF  
DISCUSSION TALKED ABOUT SEVERAL PROBLEMS OF U. S. FIRMS.  
END SUMMARY. ACTION REQUESTED: NONE.

1. CHARGE AND AID DIRECTOR CALLED ON J. A. RAHIM, MINISTER  
OF COMMERCE AND MINISTER OF PRODUCTION AND PRESIDENTIAL  
AFFAIRS, ON MAY 8, 1973 TO DISCUSS BROADER QUESTION OF NEED FOR  
IMPROVING DECISION- MAKING CLIMATE IN ORDER TO ACCELERATE  
DECISIONS ON NEW FERTILIZER PRODUCTION FACILITIES. CHARGE  
EMPHASIZED NEED FOR GAS AND FERTILIZER PRICE POLICIES TO ENABLE  
INVESTORS AND LENDERS TO MAKE FINANCIAL PLANS. NOTED HE WAS SEEING  
RAHIM AT PRESIDENT BHUTTO' S SUGGESTION TO DISCUSS FERTILIZER  
PROBLEM.

2. ESSO: CHARGE TOLD RAHIM THAT ESSO IS STILL AWAITING  
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GOVERNMENT COMPLIANCE WITH CONTRACTUAL OBLIGATIONS  
ONE YEAR AFTER DEVALUATION. RAHIM ASKED AIDE FOR  
REPORT ON STATUS.

3. CHARGE MENTIONED AS DETRIMENTAL TO GOVERNMENT'S  
REPUTATION LONG DELAY IN EFFECTING TRANSFER OF FUNDS OWED  
TO HERCULES BY DAWOOD- HERCULES. RAHIM SAID THIS NOT IN  
HIS JURISDICTION BUT AGREED TO ASK FOR A REPORT.

4. ALICO: CHARGE INDICATED HOPE THAT AGREEMENT COULD  
BE REACHED SOON WITH ALICO. RAHIM SAID HE HAD REVIEWED  
THE FILE AND NOTED THAT ISSUES SUBSTANTIALLY NARROWED DOWN.  
WHILE AGAIN THIS ISSUE NOT EXCLUSIVELY HIS CONCERN, HE, TOO,  
HOPED THAT AGREEMENT COULD BE REACHED DURING UPCOMING  
VISIT ALICO REPS.

5. RAFHAN MILLS: CHARGE ALSO MENTIONED PROBLEM OF CORN  
PRODUCTS' RAFHAN MILLS. RAFHAN IS HAVING TROUBLE TAKING  
POSSESSION OF PREPAID MAIZE CONTRACTED FOR IN NWFP.  
RAHIM EXPRESSED GREAT CONCERN UPON HEARING OF THIS AND  
PROMISED IMMEDIATE ACTION.

6. OVERALL IMPRESSION GAINED WAS THAT RAHIM NOT SUFFICIENTLY

SEIZED WITH NEED FOR IMPROVING INVESTMENT AND LENDING  
CLIMATE RELEVANT TO FERTILIZER PRODUCTION. MISSION INTENDS  
TO CONTINUE SIMILAR DISCUSSIONS WITH OTHER OFFICIALS.  
SOBER

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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